

THE MINERAL INDUSTRY OF OMAN

By Philip M. Mobbs

Natural gas and crude oil dominated Oman's economy. In 2004, Oman's total crude oil production declined by almost 5% compared with an 8.5% drop in 2003 and a 6.8% decline in 2002. The Government's potential loss of revenue from the production decline was again offset by the average price received for Omani oil, which increased to \$34.42 per barrel in 2004 compared with \$27.84 per barrel in 2003 and \$24.29 per barrel in 2002. Total Government revenues were \$10.4 billion¹ in 2004. Government revenue from hydrocarbons increased to almost \$8.2 billion, of which crude oil accounted for \$6.9 billion, and natural gas, \$1.2 billion. In 2003, total hydrocarbon revenue income amounted to about \$6.3 billion compared with \$5.9 billion in 2002 (Ministry of National Economy, 2005c§, ² d§).

In 2004, the Omani gross domestic product (GDP) based on purchasing power parity was estimated to be \$37.2 billion and the GDP per capita based on purchasing power parity was reported to be \$15,648 (International Monetary Fund, 2005§).

In addition to hydrocarbon extraction, the liquefaction of natural gas, and petroleum refining in Oman, chromite, gold, gypsum, salt, sand and gravel, silver, and stone were mined or quarried; cement was manufactured; imported copper ore was smelted and refined; and sulfur was recovered as a coproduct of petroleum processing.

Trade

In 2004, total merchandise exports were valued at \$13.3 billion, of which reexports accounted for \$1.4 billion. Crude oil exports accounted for 68% of merchandise exports; liquefied natural gas, 12%; base metals and articles, 1%; mineral products, 1%; and petroleum products, 1%. Of the 263.6 million barrels of crude oil that was exported from Oman in 2004, China received 40.3%; Thailand, 16.4%; Republic of Korea, 15.9%; Japan, 15.5%; and Taiwan, 4.6%. The value of imported mineral products was \$453 million and accounted for 5.3% of total recorded merchandise imports in 2004 (Ministry of National Economy, 2005a§, b§).

Commodity Review

Metals

Aluminum.—In 2004, Alcan Inc. of Canada agreed to join the Sohar aluminum smelter venture of Abu Dhabi Water and Electricity Authority and Oman Oil Co. S.A.O.C. The group proposed to start construction of a 326,000-metric-ton-per-year (t/yr)-capacity aluminum smelter in 2005 and to begin commercial operations by 2008 (Middle East Economic Digest, 2004b).

Copper.—National Mining Co., which was a subsidiary of the MB Group of Oman, expected to begin mining the Shinas-Hatta copper prospect in 2005.

Industrial Minerals

Cement.—The regional construction boom and related increased demand for cement resulted in proposals to more-than double existing production capacity in Oman. Oman Cement Co. S.A.O.G. planned to expand its Muscat works with a 1.5 million-metric-ton-per-year (Mt/yr)-clinker-grinding-capacity expansion. The proposed plant expansion was scheduled to begin production in 2007. Raysut Cement Co. awarded contracts for the construction of a 1.1-Mt/yr-capacity cement plant at Salalah (World Cement, 2004a, b).

Nitrogen.—Construction continued on Oman India Fertilizer Co. S.A.O.C.'s 3,500-metric-ton-per-day (t/d)-capacity ammonia and 5,060-t/d-capacity granular urea facility at Sur. Initial production was expected in 2005. Sohar International Urea and Chemical Industries S.A.O.C. awarded a construction contract for a \$500 million 2,000-t/d ammonia and 3,500-t/d granular urea plant at Sohar. Commercial operations were expected to begin in 2008 (Middle East Economic Digest, 2004a; Oman Oil Co., S.A.O.C., undated§).

Mineral Fuels and Related Materials

Natural Gas.—Construction continued on the \$690 million 3.7-Mt/yr-capacity natural gas liquefaction plant (train) for Qalhat LNG Co. S.A.O.C. (QLNG). Commercial operations at the QLNG liquefied natural gas train, which was located adjacent to the two-train 6.6-Mt/yr-capacity facility of Oman Liquefied Natural Gas LLC at Qalhat, were expected to begin in 2006 (Petroleum Economist, 2005).

Petroleum and Sulfur.—In February 2004, Oman Oil Refinery LLC commissioned a 20,000-barrel-per-day (bbl/d)-capacity diesel hydro-desulfurization unit and a 15-t/d sulfur recovery unit at its 85,000 bbl/d crude oil refinery at Mina Al Fahal. Sulfur content of the refinery's diesel fuel output was reduced to 50 parts per million (ppm) from about 6,000 ppm (Oman Oil Refinery LLC, 2004§).

¹Where necessary, values have been converted from Omani Rials (OR) to U.S. dollars (US\$) at the average exchange rate of OR0.386=US\$1.00 for 2004; OR0.384=US\$1.00 for 2003, and OR0.386=US\$1.00 for 2002.

²References that include a section mark (§) are found in the Internet References Cited section.

In 2004, construction began on the 116,400-bbl/d crude oil refinery for Sohar Refinery Co., which was a subsidiary of the Government (80% equity interest held for the Government by the Ministry of Finance) and Oman Oil (20%). Commercial operations at the Sohar refinery were expected to begin in 2006 (SPG Media PLC, 2005§).

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Major Sources of Information

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TABLE 1
OMAN: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

| Commodity ² | 2000 | 2001 | 2002 | 2003 ^e | 2004 ^e |
|---|------------|---------------------|---------------------------|------------------------|----------------------|
| Cement, hydraulic | 1,238,063 | 1,369,570 | 1,700,000 ^{r, e} | 2,100,000 ^r | 2,500,000 |
| Chromium, gross weight | 15,110 | 30,150 | 27,444 | 13,000 ^r | 18,575 ³ |
| Copper, metal: | | | | | |
| Smelter | 23,790 | 24,220 | 24,000 ^e | 17,000 | 24,000 |
| Refinery | 24,281 | 24,000 ^e | 24,000 ^e | 17,000 | 24,000 |
| Gas, natural: | | | | | |
| Gross million cubic meters | 15,496 | 19,268 | 22,366 | 24,128 ^{r, 3} | 24,150 ³ |
| Dry do. | 12,020 | 14,000 | 14,800 ^e | 17,000 ^{r, e} | 17,000 |
| Gold kilograms | 551 | 603 | 188 ^e | 4 ³ | -- |
| Gypsum | 131,909 | 44,323 | 55,722 | 50,000 | 60,000 |
| Iron and steel, crude steel ^e | -- | 10,000 | 60,000 | 80,000 | 90,000 |
| Natural gas liquids ^e thousand 42-gallon barrels | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Petroleum: | | | | | |
| Crude and condensate ^e do. | 353,000 | 352,000 | 328,000 | 300,000 | 285,385 ³ |
| Refinery products: | | | | | |
| Liquefied petroleum gas ^e do. | 350 | 366 ³ | 545 | 550 | 473 ³ |
| Gasoline do. | 4,857 | 4,198 | 5,428 | 5,400 | 5,215 ³ |
| Jet fuel and kerosene do. | 1,643 | 1,489 | 2,008 | 2,000 | 1,407 ³ |
| Distillate fuel oil do. | 6,363 | 5,338 | 6,658 | 6,700 | 6,442 ³ |
| Residual fuel oil do. | 14,797 | 11,980 | 14,942 | 15,000 | 14,247 ³ |
| Other do. | 638 | 666 | 1,048 | 1,000 | 1,162 ³ |
| Total do. | 28,648 | 24,037 | 30,629 | 30,700 | 28,946 ³ |
| Salt | 11,700 | 13,983 | 14,410 | 15,000 | 15,000 |
| Sand and gravel | 22,448,254 | 25,967,815 | 21,736,414 | 22,000,000 | 22,000,000 |
| Silver kilograms | 4,894 | 3,153 | 38 | -- | -- |
| Stone: | | | | | |
| Marble | 147,686 | 157,249 | 135,930 | 140,000 | 140,000 |
| Other | 3,537,216 | 3,395,589 | 3,182,522 | 3,200,000 | 3,500,000 |
| Sulfur ^e | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |

^eEstimated; estimated data are rounded to no more than three significant digits and may not add to totals shown. ^r Revised. -- Zero.

¹Table includes data available through August 2005.

²In addition to the commodities listed, clay for bricks and tile was produced and steel scrap melted, but available information is inadequate to make estimates of output levels.

³Reported figure.